

MARKET UPDATE EAST OF SUEZ

ENGINE



ENGINE: East of Suez Physical Bunker Market Update

12/05/23

Brent has come off sharply and contributed to drive down marine fuel prices across East of Suez ports.

Changes on the day to 17.00 SGT (09.00 GMT) today:

VLSFO prices down in Zhoushan (\$25/mt), Fujairah (\$18/mt) and Singapore (\$17/mt)

LSMGO prices down in Fujairah (\$27/mt), Singapore (\$17/mt) and Zhoushan (\$13/mt)

HSFO prices down in Singapore and Fujairah (\$12/mt) and Zhoushan (\$7/mt)

In East Asia, normal weather sustains at both Zhoushan's outer port limit (OPL) and the port's inner anchorages. But bunker demand at the Chinese hub is "low", says a source.

Lead times for VLSFO deliveries remain at between 5-7 days, while those for HSFO and LSMGO are relatively prompt, at 3-5 days.

Elsewhere, Singapore is not seeing much demand, according to a second source. Singapore's VLSFO and LSMGO prices have fallen markedly and are close to multi-month lows. Early indications showed the "market is looking lower", the source added.

Ports in the region are reporting normal weather for the rest of the week. Rough seas are forecast for New Zealand's Tauranga port on 18 May.

Brent

The front-month ICE Brent contract has declined by \$2.68/bbl on the day, to \$74.58/bbl at 17.00 SGT (09.00 GMT). The future contract is set to decline by about 1% for the week.

Upward pressure:

OPEC has maintained its global oil demand forecast for 2023. In its latest Monthly Oil Market Report, the oil-producing group predicts consumption will still reach 101.9 million b/d this year, largely driven by China and India.

The Vienna-based alliance says China's economic rebound might be stronger than expected this year, while India could "surprise to the upside" with increased crude demand.

The OPEC prediction aligns with the most recent US Energy Information Administration's (EIA) forecast, in which the agency upheld its global oil demand estimate of 100.9 million b/d for 2023.

Downward pressure:

Brent's recovery is being undermined by the US debt ceiling impasse, with futures already down nearly 13% in May.

The chief executive of the world's largest private bank, JPMorgan Chase, has warned of adverse consequences if US fails to meet its debt obligations. Speaking to CNBC, Jamie Dimon foreboded financial market instability as America heads towards a potential debt default.

A possible US debt default could lead to "significant economic consequences", OPEC has cautioned. It may lead to a decline in crude demand in one of the world's largest economies, causing ripples in the oil market.

By Munikoti Rochan and Konica Bhatt

Please get in touch with comments or additional info to news@engine.online

The information contained in this document is provided in agreement with Integr8 Fuels and the Engine platform. This is reference only and should not be used for any other purposes. It should not be reproduced or used in any way without the consent of Engine. The information provided in this communication is not intended for retail clients. It is general in nature only and does not constitute advice or an offer to sell, or the solicitation of an offer to purchase any swap or other financial instruments, nor constitute any recommendation on our part. The information has been prepared without considering your investment objectives, financial situation, or knowledge and experience. This material is not a research report and is not intended as such. FIS is not responsible for any trading decisions taken based on this communication. Trading swaps and over-the-counter derivatives, exchange-traded derivatives, and options involve substantial risk and are not suitable for all investors. You are advised to perform an independent investigation to determine whether a transaction is suitable for you. No part of this material may be copied or duplicated in any form by any means or redistributed without our prior written consent. Freight Investor Services Ltd (FIS) is authorised and regulated by the Financial Conduct Authority (FRN: 211452) and is a member of the National Futures Association ("NFA"). Freight Investor Services PTE Ltd ('FIS PTE') is a private limited company, incorporated and registered in Singapore with company number 200603922G, and has subsidiary offices in India and Shanghai. Freight Investor Solutions DMCC ('FIS DMCC') is a private limited company, incorporated and registered in Dubai with company number DMCC1225. Further information about FIS including the location of its offices can be found on our website at freightinvestorservices.com